

BEST PRACTICE GUIDE

for Student
Accounts
Administration

IN HIGHER EDUCATION INSTITUTIONS

This is a publication of the Student
Accounts Administrators Forum [SAAF]

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Contents

Preface	2
Glossary of Terms	5
Focus Area 1: Organisation and policies	6
1.1 Organisation fit and structure	6
1.2 Managerial process and accountability	7
1.3 Staffing and personnel profile	7
1.4 Effective interaction with other functions and stakeholders	7
1.5 Communication with students and their sponsors	8
Focus Area 2: Set-up and preliminary processes	10
2.1 Fees structure	10
2.2 Internal controls	10
2.3 Credit policy	11
Focus Area 3: Operational processes and reporting	13
3.1 Day-to-day processes	13
3.2 Monthly processes	14
3.3 Validation of data	14
3.4 Year-end processes	15
3.5 Cash flow and management reporting	15
3.6 Collection of overdue accounts	15

Preface

Background to the 1st edition

The first edition of this publication was initiated in May 2002 in Johannesburg at a national workshop for Student Accounts Administrators from higher education institutions. Adapt IT Education (then ITS) presented the workshop which was attended by twenty-five delegates representing thirteen higher education institutions from Southern Africa.

At this conference a forum was officially constituted named the Student Accounts Administrators Forum [SAAF]. The constitution of the SAAF was approved at its first Annual General Meeting in May 2003. The goal of the SAAF is formulated in its constitution as follows:

*To collectively address common problems and find common solutions within a network of colleagues from the Student Accounts and Debtors Administration function within the higher education sector in Southern Africa. To furthermore define general **best practice** for Student Accounts and Debtors Administration that will keep up-to-date with current and future developments in this function.*

The main objective of the 2002 workshop was for delegates to identify '**best practice**' for the function of Student Accounts/Student Debtors administration. Delegates focussed on three areas that cover this function. **Best practices** were identified for the various processes based upon consensus by delegates in respect of current implemented processes at various institutions, as well as what was agreed to be the **best practice** to be implemented.

The first draft document was reviewed and expanded upon at a further workshop held in May 2003 which coincided with the first Annual General Meeting of SAAF in Durban.

The concept of 'best practice' is defined as:

The formulation of key process steps and/or events (strategies and tactics) and sub-steps in an organised, structured and chronological order as they would take place in practice. The description of the events is clear and simple to understand at all levels and by all staff working in the particular function.

Defined and formulated, **best practice** must adhere to the following requirements:

- It must set benchmarks towards which institutions strive
- It is about implemented practices that work, rather than theoretical models
- It is about the leading practice that works best for a specific process, rather than an overall performance at one institution
- It is dynamic and must be reviewed from time to time to incorporate the latest implemented '**best practices**'

The 2nd edition

In terms of the last requirement for the formulation of **best practice**, and because of changes that took place in the higher education landscape and its applicable legislation, with specific reference to the National Credit Act of 2006, it became necessary for the 1st edition of **Best practice for Student Accounts Administration in Higher Education Institutions** to be revised and updated.

At the November 2009 SAAF Conference and Annual General Meeting both held outside of Pretoria, Gauteng, the initial 2002 publication was revised and re-formulated to align it with the latest **best practice** for student accounts administration in educational institutions. At this conference twenty-four educational institutions from Southern Africa were represented by sixty-one delegates.

The 3rd edition

At the October 2017 SAAF Conference and Annual General Meeting both held in Vanderbijlpark, Gauteng, the second edition was updated to align it with current developments in the student accounts administration function. The major change in the environment of higher education and student fees was the #fees-must-fall campaign and student protests that had started in November 2015 and continued through to 2016. This will have a lasting effect on the function and had to be considered in the revision of the publication. The president of South Africa had, as result of this campaign, appointed a special commission, known as the Heher Commission, to investigate and make recommendations after wide consultation with all stakeholders, regarding the viability of free higher education for poor students.

Recognition

The following higher education institutions are recognised for their contribution to the compilation of this publication through their membership of SAAF:

- Boland College for TVET
- Buffalo City TVET College
- Cape Peninsula University of Technology
- Central University of Technology, Free State
- College of Cape Town
- Durban University of Technology
- Ekurhuleni East TVET College
- Ekurhuleni West College for TVET
- Flavius Mareka TVET College
- Ingwe TVET College
- Monash SA
- Mangosotho University of Technology
- National University of Lesotho
- Nelson Mandela University
- Northlink College
- North-West University
- Namibia University for Science and Technology
- Rhodes University
- Sol Plaatje University
- Tshwane University of Technology
- UNISA
- University of Botswana
- University of Cape Town
- University of the Free State
- University of Fort Hare
- University of Johannesburg
- University of Kwa-Zulu Natal
- University of Limpopo
- University of Namibia
- University of Pretoria
- University of Stellenbosch
- University of Swaziland
- University of Venda
- University of Western Cape
- University of Witwatersrand
- University of Zululand
- Vaal University of Technology
- Vuselela TVET College
- Walter Sisulu University
- Westcol

Glossary of Terms

The following glossary of terms is not presented as a comprehensive list of terminology used worldwide in the students accounts function, but rather is an attempt to describe the general terms used in the compilation of this **best practice** document as commonly used during the workshop that revised the first edition.

National Credit Act	Act. No. 34 of 2005. To promote a fair and non-discriminatory marketplace for access to consumer credit to provide for the general regulation of consumer credit and improved standards of consumer information in the RSA. In this document it is abbreviated as the “NCA”.
Policy	A policy defines the expected conduct of the institution and its staff with regards to the performance of certain actions. Policies are a guide for conduct for the entire institution and are therefore approved by the relevant structures of the institution.
Process	A process is a defined course of action/s which leads to a specific objective or outcome, according to a defined policy, i.e. process follows policy.
Procedures	The break-down of a process into a chronological sequence of tasks, regulating in detail which task should be executed when, by whom and detailing the documents or forms to be used in the completion thereof.
Student Accounts section	The section responsible for the set-up of all student fees in accordance with approved decisions by the relevant structures, the charging of the fees against student accounts and the administration of accounts, as well as the collection of all related income including tuition fees, residence fees and other miscellaneous income. For this document, this naming convention is used throughout and is synonymous to “student debtors section” or “student fees section”

 [Back to Table of Contents](#)

Focus Area 1

Organisation and policies

1.1 Organisation fit and structure

- 1.1.1 This document will refer to the 'Student Accounts' function or section, whereas it is accepted that in certain institutions the section may be named differently. This section is primarily responsible for the overall management, administration and collection of tuition fees, residence fees and related income generated from students
- 1.1.2 The Student Accounts function involves the tuition and residence fees structure, correct charges to accounts and the effective collection of such account balances. There is consensus that the **best practice** is for the Student Accounts function to be part of the Financial Services division reporting to the Chief Financial Officer.
- 1.1.3 The structuring of the Student Accounts function depends primarily on the number of students registered at the institution. The following guidelines should apply in the structuring of the section:
- The Student Accounts section should be managed by a qualified incumbent, the level of the position in Financial Services must be aligned to the responsibility of administering student fees and be equivalent to designations in Financial Services.
 - As it is general **best practice** to apply the principles of effective succession planning in the section.
 - The number of staff at an operational/clerical level is determined by student numbers of an institution.
- 1.1.4 It is **best practice** that the allocation of responsibilities within the Student Accounts section adheres to the general accepted auditing standards of authorisation as well as segregation of duties between:
- the determination and charging of fees,
 - processing of journals,
 - receipting of payments, and
 - collection of outstanding debt.

The organisational structure of the section should therefore be aligned to the above auditing standards.

1.2 Managerial process and accountability

- 1.2.1 The accountability and level of decision making of the Head of the Student Accounts function must be clearly defined as part of the job description. The incumbent should also be appraised against the effective application of key management areas as defined in the job description.
- 1.2.2 It is **best practice** to assign the data ownership of the financial data on the student account system to the Head of the Student Accounts section. This should ensure data integrity control for staff members using the system.

1.3 Staffing and personnel profile

- 1.3.1 The incumbent of the post of Head of Student Accounts section should have the relevant qualification and experience as specified by the institution. Incumbents should be up-to-date with all legislation on debt collection and other related legislation.
- 1.3.2 The operational staff within the section should have a basic knowledge of accounting, experience in a debtors/accounts receivable function as well as a broad knowledge of the data elements in the student system. Incumbents should have a basic knowledge of statutory regulations that apply to the rendering of credit and debt collection.
- 1.3.3 Personnel of the Student Accounts section have regular contact with students and their sponsors when dealing with queries on accounts and customer service, it is therefore **best practice** that staff members are competent in both communication and interpersonal skills.
- 1.3.4 Personnel in the Student Accounts function should participate in regular and suitable development and training interventions that are aligned with the agreed key performance areas of the post.

1.4 Effective interaction with other functions and stakeholders

- 1.4.1 It is **best practice** for the Student Accounts section to ensure that there are effective, clear and formal channels of communication with all relevant stakeholders both internally, e.g. academic administration, student housing and student financial aid, as well as externally, e.g. students' sponsors and

employers, as well as other providers of student loans and bursaries, and debt collection agencies.

- 1.4.2 To ensure that effective communication occurs and that the function remains informed on policy decisions that affect the Student Accounts function, it is **best practice** that the Student Accounts section is represented on relevant committees.
- 1.4.3 It is **best practice** that a policy decision regarding the determination of tuition and residence fees for the next year is taken timeously by the relevant decision-making structures to allow for the Student Accounts section to update the fees structure and publish these fees in time for students' application for admission to the next year.
Note: The above-mentioned decision is however subject to a rigorous and essential negotiation process where all stakeholders are represented, that could often lead to delays in the process.
- 1.4.4 Cut-off dates and changes to policy and procedures should be continuously and clearly communicated to all parties concerned, and these should be enforced.
- 1.4.5 It is **best practice** to have a registration event planning process in place that should include process information sessions for all staff of sections that will be involved with registration, including staff of the Student Accounts section.
- 1.4.6 It is **best practice** that the Student Accounts section makes inputs to the format of information dispatched to prospective students via the applications and registration sections. This must also apply to student housing and all financial contracts.

1.5 Communication with students and their sponsors

- 1.5.1 It is **best practice** that a communication strategy with students and prospective students and their sponsors is in place that optimally utilise all effective channels of communication. Where capacity allows, it is **best practice** that the Student Accounts function has an enquiry desk or service point on satellite campuses to deal with account queries. Recording of student enquiries will ensure that proactive measures are implemented to reduce common queries.
- 1.5.2 The publication and effective communication of tuition and residence fees to students and sponsors is essential. Irrespective of the communication media

used, it is **best practice** that it is formulated in a sufficiently detailed and user-friendly format to eliminate unnecessary enquiries.

In general it should include the following:

- i. The due dates and methods of payment that the student or sponsor can utilise to submit payment, e.g. cashier payments, direct deposit, electronic fund transfer, etc.
- ii. The institution's regulations regarding fees and the procedures to be followed in terms of an instalment agreement, cancellation of studies, as well as the amounts or percentages due when studies are cancelled on specific dates.
- iii. It should point out that there may be additional costs of meals, prescribed textbooks, etc. to assist students and their sponsors to budget.

The fees booklet should be made widely available according to statutory requirements, including the NCA, to limit cases of students and sponsors disputing their liability.

- 1.5.3 The content of the fees booklet on regulations and procedures, should be updated annually with any changes thereto, as well as changes to legislation where applicable.
- 1.5.4 Statements of accounts remain the most important method of communicating the account balances to students and/or their sponsors. The NCA clearly prescribes in part D of the act, the requirements, format and content of a statement of account. It is **best practice** that RSA based institutions must comply with these statutory regulations. In addition to the requirements of the NCA, it is deemed **best practice** that statements of account should also meet the following certain basic requirements:
 - i. It should be printed on pre-printed stationery reflecting: the institutional logo, all contact and address details, formats of settlement and bank account details, to facilitate the settlement process.
 - ii. The layout and presentation of a statement should be user-friendly and clearly indicate details of all transactions.
 - iii. Abbreviations and/or acronyms used in the account statement should be explained in a pre-printed key.

 [Back to Table of Contents](#)

Focus Area 2

Set-up and preliminary processes

2.1 Fees structure

- 2.1.1 Ensure there are sufficient controls in place to check that the correct structure for all registration fees, tuition fees and residence fees are captured on the information system. This is especially important where the debits for fees are automatically raised by the information system in use.
- 2.1.2 Communicate updated cut-off dates and fees in writing to all stakeholders and faculties for the submission of any changes that will affect the fees structure [Refer par. 1.4.5].
- 2.1.3 Close co-operation is necessary between the staff members of Academic administration who are responsible for updating the academic structure and the Student Accounts section. Changes and additions to the academic structure almost invariably generate changes to the fees structure.
- 2.1.4 The Student Accounts section should ensure that all validation reports that are available on the information system with respect to the fees structure are generated after the update of the fees structure, so that all discrepancies in the validation reports are cleared before the start of registration.
- 2.1.5 Structuring of the fees should, according to **best practice**, be kept relatively uncomplicated so that students and/or their sponsors clearly understand the amounts charged to the account.
- 2.1.6 Ensure that the necessary credit structures are in place where the system automatically posts the credits to a student account in the case of cancellations of subjects or residence, before specified dates.
- 2.1.7 Ensure that all the default general ledger cost centres and account codes are correctly linked, defined and maintained for management reporting purposes.

2.2 Internal controls

- 2.2.1 It remains the responsibility of an institution's Audit Committee or equivalent structure, to implement necessary internal control measures. This responsibility is often delegated to the managerial staff of Financial Services. The Head of Student Accounts section is therefore responsible for ensuring that the necessary internal control measures exist and are adhered to with the advice from the internal and external auditors of the institution in this regard.
- 2.2.2 As the Head of the Student Accounts section is the responsible owner of data on the Student Accounts information system, s/he should ensure that the necessary policies regarding controls over system access and data restrictions exist and adhered to.
- 2.2.3 Reconciliation of control account balances is one of the most important internal control measures and it is therefore **best practice** to draw up a plan and schedule for reconciliation at the beginning of the financial year.
- 2.2.4 It is **best practice** to do an evaluation of processes to identify problems that occurred at the completion of the various cycles, e.g. after each registration cycle, semester, academic year, audit, etc., then take corrective actions to eliminate these problems during the next cycle.
- 2.2.5 It is **best practice** that all transactions on the Student Accounts system are system generated, and only exceptional cases where this is not possible, that the verification and authorisation procedures are clearly specified.

2.3 Credit policy

- 2.3.1 The Student Accounts section is responsible for, and will be held accountable for, the collection of all tuition and residence fees charged to the student account. The risk pertaining to this function is the possibility that a certain percentage of the accounts will not be collected. It is **best practice** that the institutional management recognises this risk and takes the necessary precautionary measures to reduce it.
- 2.3.2 The contractual agreement between the student and the institution arises when the student's application is accepted by the institution and the student subsequently registers for the course. At registration, the student accepts the rules and regulations governing the fees payable to the institution. Insofar as this

contract is deemed to be an incidental credit agreement between the institution and the student, it is **best practice** that it complies with the NCA requirements.

- 2.3.3 An institutional credit policy that addresses the risk mentioned should be compiled and approved by the relevant structures of the institution. This policy must comply with all applicable statutory regulations. All role players, such as the Student Accounts section, Student Financial Aid Bureau, student representatives, etc. must be involved with the compilation of the credit policy. The credit policy should include, but is not limited to, aspects such as:
- i. Application procedures for instalment agreements
 - ii. Surety procedures and the necessary surety form
 - iii. Cut-off dates for payment of specified percentages of fees
 - iv. Circumstances under which instalment agreements may be granted
 - v. Information that is required to approve instalment agreements, e.g. previous account record
 - vi. Approval procedures
 - vii. Collection policies in the case of default accounts
 - viii. Interest on overdue accounts
 - ix. Cancellation credits or rules in case of rebates
- 2.3.4 It is **best practice** that the institution should have a policy in place that addresses overdue accounts. Examples are the withholding of marks; preventing re-registration for the subsequent study year; letters of intention to take legal action; handing accounts over to debt collectors, etc.

Focus Area 3

Operational processes and reporting

3.1 Day-to-day processes

- 3.1.1 To ensure the effective operation of the cashiers' function it is essential to ensure that there is sufficient staff capacity at the cashiers' counter, particularly during periods.

Note: Many institutions are moving to a cashless environment, and only accept electronic funds transfers (EFT) and company cheque payments.

- 3.1.2 It is **best practice** that all student account queries are dealt with by the Student Accounts section or a help desk and not at the cashiers' counter.

- 3.1.3 Refunding fees already paid (bursaries and loans approved after payment of fees, cancellation of registration for subjects, etc.) requires daily attention from the Student Accounts section and can be very time-consuming. The refund of a credit balance on a student account represents a risk to the institution and therefore it is **best practice** to ensure that there are sound internal control procedures in place, which should include the following:

- i. A standard 'application for refund of fees' form must be completed by the student or sponsor. It is good customer service if these forms are available at various points of contact within the institution, and/or on the internet. A sponsor/employer should be able to request such a form telephonically from the Student Accounts section from where it should be dispatched.
- ii. Once the form is submitted to the Student Accounts section, the responsible staff member should verify that all transactions have been posted to the account before the request for refund is processed
- iii. A senior staff member in the Student Accounts section, preferably the head of the section, should verify that all supporting source documents are attached and then approve the refund request. An independent person/department should process the refund once approved by the senior staff member

- iv. The above-mentioned internal control procedures should be published and clearly communicated to all staff members who are responsible for dealing with refunds
- 3.1.4 Daily journals that need to be processed and posted to student accounts usually due to incorrect fees charged, can be a time-consuming function, which also poses a risk to internal controls. These transactions should therefore also be subject to the same internal control procedures that apply to refunds, as specified in the previous paragraph.
- 3.1.5 It is **best practice** that all rules and regulations governing tuition and residence fees should be applied and adhered to daily. These rules and regulations should be effectively communicated to all parties concerned. In cases where there is a transgression or leniency in the application of the regulations, the Head of the Student Accounts section should report this in writing to the relevant authority.

3.2 Monthly processes

- 3.2.1 It is **best practice** to distribute statements of accounts regularly, preferably at the end of each month after registration. It is **best practice** that this distribution is processed in an electronic format and sent either by e- mail or to the mobile devices of the party responsible. This is preferable to a paper-based system.
- 3.2.2 It is deemed **best practice** to generate a proof of registration for control purposes immediately after the student has registered, i.e. as part of the registration process. This proof of registration should be checked and signed off to eliminate data-capturing errors that may later require fee correction journals or causing statements to be sent to incorrect addresses.
- 3.2.3 It is **best practice** for general ledger control accounts for student debtors is reconciled monthly. The head of the section should be responsible for this monthly reconciliation and should sign it off.
- 3.2.4 If the institution charges interest on overdue accounts as stipulated in the fee regulations and on the statements, it is **best practice** that the Student Accounts section ensures that the interest is charged monthly, the system calculates the interest correctly and that it is posted on the accounts before the statements are distributed.

3.3 Validation of data

- 3.3.1 It is **best practice** to run all validation reports from the information system that compares data on the academic structure with data on the fee structure, e.g. all subjects that have no fee charges. These validation reports must be run at random before, during and after registration.
- 3.3.2 It is **best practice** to run validation reports at random to validate student accounts' biographical information. This could include ID numbers, communication information or contact addresses, e.g. addresses with no postal codes.
- 3.3.3 It is **best practice** that more than one staff member in the Student Accounts section is permitted to run validation reports and report any discrepancies to staff responsible for updating the data.

3.4 Year-end processes

If the daily and monthly processes that are defined above are done consistently, the year-end processes are limited to the fair disclosure of the outstanding student debtors' figure in the annual financial statements in accordance with financial reporting standards. To ensure a fair figure is disclosed, there must be an institutional policy for provision and write-off of bad debts.

3.5 Cash flow and management reporting

- 3.5.1 Although the cash flow planning/forecast is done at the highest level of institutional financial management, input regarding the collection of tuition and residence fees from the Student Accounts section is very important in this decision-making process. It is therefore **best practice** for the Student Accounts section to make the required inputs in respect of expected cash flow based on historic information, experience and expectations.
- 3.5.2 It is an important reporting function for the Student Accounts section to supply useful management information regarding both fees outstanding and the collection of fees. The Student Accounts section should make a concerted effort to pre-determine the information needs of the executive management, and ensure it meets these needs by supplying the information in a format required by senior management.

3.6 Collection of overdue accounts

- 3.6.1 An important factor often complicating the collection of overdue accounts is incomplete biographical information of the student and/or sponsor. It is therefore **best practice** to ensure that the student's biographical data is accurately captured and maintained throughout his/her registration at the institution.
- 3.6.2 All possible internal measures to collect overdue accounts should first be exhausted before the institution obtains the services of a third-party debt collector or takes legal action. These measures can include:
- Withholding of results obtained for either a semester or of an academic year
 - Withholding of the qualification/degree awarded
 - Withholding the issue of an academic record to prospective employers and other tertiary institutions
 - Blocking the student from re-registering at the institution
- 3.6.3 The Student Accounts section should inform a student beforehand of their intention to hand over overdue accounts for collection.
- 3.6.4 The handing over of an overdue account to a third-party debt collector should be done within clearly defined guidelines. It is **best practice** to appoint a third-party debt collector with the necessary care and preferably through a tender process.
- 3.6.5 The 'black listing' of a student in default should be the very last resort, as the outstanding account may be recoverable when such a student acquires a job in the future.
- 3.6.6 Recovering overdue accounts remains one of the most important measurable performance areas of staff in the Student Accounts function and it is therefore **best practice** to ensure the monitoring of this process for performance appraisal purposes.
- 3.6.7 If personnel capacity permits, it is deemed **best practice** to separate the enquiries received from defaulters from the routine queries received on student accounts.